

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 L-03

H-02 /071 W

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R 230347Z SEP 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 7059

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMCONSUL HONG KONG

CINCPAC

C O N F I D E N T I A L VIENTIANE 2305

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: EFIN AFIN LA

SUBJECT: CURRENCY CONVERSION SEMINAR

REF: VIENTIANE 2149

1. APPARENTLY BECAUSE OF THE OBJECTIONS OF WORKING LEVEL OFFICIALS, THE LPDR HAS DROPPED, FOR THE TIME BEING, ITS PLAN OF INTRODUCING A NEW CURRENCY TO REPLACE THE LIBERATION KIP, RUMORS OF WHICH WERE REPORTED IN REFTEL.

2. A RELIABLE LAO SOURCE TOLD EMBASSY OFFICER THAT SHE HAD MET WITH AN OFFICIAL FROM THE MINISTRY OF AGRICULTURE WHO HAS SPENT THE LAST THREE WEEKS ATTENDING THE SPECIAL ECONOMIC SEMINAR MENTIONED IN PARA 5 REFTEL. THE OFFICIAL SAID THAT THE GOVERNMENT HAD, INDEED, SELECTED ACCOUNTANTS AND ECONOMISTS FROM EACH MINISTRY

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TO ATTEND THE SEMINAR IN ORDER TO ESTABLISH PROCEDURES

FOR A CURRENCY CHANGE. ONCE ASSEMBLED, HOWEVER, THE SEMINAR PARTICIPANTS VOICED THEIR COLLECTIVE AND ADAMANT OBJECTIONS TO THE PLANNED CONVERSION AND PERSUADED THE GOVERNMENT TO POSTPONE IT UNTIL THE LAO ECONOMY IS STABILIZED, I.E., INFLATION IS BROUGHT UNDER CONTROL. THE OFFICIAL DID NOT KNOW HOW LONG IT MAY BE BEFORE A NEW CURRENCY IS INTRODUCED, IF ONE IS. HE FELT ENCOURAGED, HOWEVER, THAT THE NEW GOVERNMENT WAS RESPONSIVE TO THE OPINIONS OF WORKING LEVEL OFFICIALS AND REVERSED ITSELF ON THIS MAJOR ISSUE.

3. THE OFFICIAL SAID THAT, NOW THAT THE CURRENCY CONVERSION HAD BEEN SHELVED, THE WORK OF THE SEMINAR HAD TURNED INSTEAD TO PLANNING A MAJOR CRACKDOWN ON THE BLACK MARKET. HE DID NOT KNOW WHEN THE SEMINAR WOULD END. A LAO BANK OFFICIAL ALSO TOLD VISITING BANK OF AMERICA REPRESENTATIVE, TIM WILLIAMS, THAT A MAJOR BLACK MARKET CRACKDOWN IS IMMINENT.

4. THE CIVIL SERVANTS ATTENDING THE SEMINAR HAVE BEEN SEQUESTERED FOR THE PAST THREE WEEKS, EXCEPT FOR SATURDAYS WHEN THEY ARE ALLOWED OUT TO VISIT THEIR FAMILIES.

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Message Attributes

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